



Claire McCaskill

Missouri State Auditor

December 2005

Dallas County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of
Missouri State Auditor
Claire McCaskill

December 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Dallas, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Dallas County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the years ended December 31, 2004 and 2003, the county's SEFA did not include expenditures related to some of its federal grants which resulted in total expenditures being overstated by approximately \$222,798 and \$91,039, respectively.
- The controls and procedures over county expenditures need improvement. The county did not always solicit bids or retain bid documentation for various purchases, the commission minutes did not document that the Presiding Commissioner abstained from voting on concrete bids when necessary, supporting documentation for some travel expenditures was not retained, and the county did not fully comply with its written agreement to share office expenses with the Prosecuting Attorney. Improvements are also needed in the county's controls over mileage and fuel usage and written agreements.
- Various concerns were noted regarding payroll procedures for the Sheriff's office including the accuracy of timesheets and leave records and ensuring compliance with the Fair Labor Standards Act (FLSA).
- The Assessor's office is allowed access to the assessment data during periods when changes to the data are not allowed by state law. In addition, employees of the County Assessor and County Collectors' offices do not utilize confidential passwords to limit access to the property tax computer system, and there was no evidence the County Commission examined and approved the County Collector's annual settlements.
- Actual expenditures exceeded the original budgeted amounts in various county funds, and as a result of inadequate monitoring procedures, the County Commission amended various county budgets after expenditures had already

(over)

YELLOW SHEET

exceeded the original budget. In addition, an annual maintenance plan for county roads and bridges has not been prepared, and minutes were not prepared to document the matters discussed in closed meetings.

- Controls and procedures need improvement in the Sheriff's office. Seized property controls and procedures need improvement. In addition, accounting duties are not adequately segregated and controls over receipts and DARE funds need improvement. Also, vehicle logs for county owned patrol cars were not adequate, and the Sheriff's office does not calculate the average cost of meals served to prisoners.
- Improvements are needed in the controls and procedures over Emergency 911 expenditures, including credit cards, payroll procedures, general fixed asset procedures and vehicle usage.
- The Health Center needs to improve procedures over receipting and general fixed assets, and controls over expenditures including supporting documentation, bidding and payroll.

Also included in the report are recommendations related to general fixed assets. The audit also suggested improvements in the procedures of the Prosecuting Attorney, Circuit Clerk, County Clerk, and Assessor.

All reports are available on our website: www.auditor.mo.gov

DALLAS COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <u>FINANCIAL SECTION</u> <hr/>	
State Auditor's Reports:	2-6
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	5-6
Financial Statements:	7-16
<u>Exhibit</u>	<u>Description</u>
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds
A-1	Year Ended December 31, 2004
A-2	Year Ended December 31, 2003
	8
	9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2004 and 2003
	10-16
Notes to the Financial Statements	17-20
Supplementary Schedule:	21-23
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2004 and 2003	22-23
Notes to the Supplementary Schedule	24-26
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>	
State Auditor's Report:	28-30
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	29-30
Schedule:	31-34
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2004 and 2003	32-34

DALLAS COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Section I - Summary of Auditor's Results	32
Section II - Financial Statement Findings.....	33
Section III - Federal Award Findings and Questioned Costs	33
<u>Number</u>	<u>Description</u>
04-01.	Schedule of Expenditures of Federal Awards.....33
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> 35-37	
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 38-40	
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings..... 42-72	
1.	County Expenditures.....44
2.	Personnel Policies and Procedures and Officials' Bonds.....48
3.	Property Tax System Controls and Procedures51
4.	Budgets, Planning, and Minutes52
5.	General Fixed Assets54
6.	Sheriff Accounting Controls and Procedures55
7.	Prosecuting Attorney Accounting Controls and Procedures59
8.	Circuit Clerk Accounting Controls and Procedures60
9.	County Clerk Accounting Controls and Procedures.....62
10.	County Assessor Accounting Controls and Procedures62
11.	Emergency 911 Board.....63
12.	Health Center Board67
Follow-Up on Prior Audit Findings..... 73-80	
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information..... 82-85	

FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Dallas County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Dallas County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determined, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Dallas County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Dallas County, Missouri, and comparisons of such information with the corresponding budgeted information for

various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated September 8, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Dallas County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

September 8, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Pamela A. Tillery, CPA
In-Charge Auditor:	Troy Royer
Audit Staff:	Roberta Bledsoe
	Brandon Taylor



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Dallas County, Missouri

We have audited the financial statements of various funds of Dallas County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 8, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Dallas County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Dallas County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements,

noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Dallas County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 8, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

DALLAS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 188,048	1,024,336	1,017,675	194,709
Special Road and Bridge	191,264	1,268,157	1,329,075	130,346
Assessment	4,607	180,090	183,647	1,050
Law Enforcement Training	9,620	5,944	6,819	8,745
Prosecuting Attorney Training	2,923	1,026	716	3,233
Capital Improvements Sales Tax	257,251	656,630	603,948	309,933
Law Enforcement Sales Tax	27,609	720,090	740,142	7,557
Record Storage	52,825	23,477	23,320	52,982
Prosecuting Attorney Bad Check	3,470	16,272	5,405	14,337
Domestic Violence	40	530	535	35
Jury	3,479	24,169	27,139	509
Law Enforcement Civil Fees	8,651	27,181	32,959	2,873
Local Emergency Planning Committee	7,660	2,021	3,303	6,378
Election Services	4,227	2,118	3,296	3,049
Tax Maintenance	12,351	15,346	1,838	25,859
Emergency 911	310,721	558,735	517,544	351,912
Health Center	196,311	323,563	340,618	179,256
Law Enforcement Building	8,978	2,937	0	11,915
Circuit Clerk Interest	15,233	2,345	3,534	14,044
Associate Circuit Division Interest	7,800	1,199	122	8,877
Law Library	6,831	7,497	6,277	8,051
Total	\$ 1,319,899	4,863,663	4,847,912	1,335,650

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

DALLAS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 220,056	1,004,559	1,036,567	188,048
Special Road and Bridge	83,800	1,780,194	1,672,730	191,264
Assessment	308	179,939	175,640	4,607
Law Enforcement Training	7,581	5,598	3,559	9,620
Prosecuting Attorney Training	1,967	956	0	2,923
Capital Improvements Sales Tax	269,596	560,312	572,657	257,251
Law Enforcement Sales Tax	24,241	726,815	723,447	27,609
Record Storage	47,679	22,718	17,572	52,825
Prosecuting Attorney Bad Check	890	11,608	9,028	3,470
Domestic Violence	40	435	435	40
Jury	4,994	13,713	15,228	3,479
Law Enforcement Civil Fees	12,800	21,290	25,439	8,651
Local Emergency Planning Committee	4,939	5,333	2,612	7,660
Election Services	4,394	254	421	4,227
Tax Maintenance	719	13,388	1,756	12,351
Emergency 911	292,506	540,722	522,507	310,721
Health Center	201,153	346,426	351,268	196,311
Law Enforcement Building	0	8,978	0	8,978
Circuit Clerk Interest	15,000	2,222	1,989	15,233
Associate Circuit Division Interest	7,119	1,112	431	7,800
Law Library	5,798	7,579	6,546	6,831
Total	\$ 1,205,580	5,254,151	5,139,832	1,319,899

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

DALLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 4,964,618	4,849,685	(114,933)	5,871,156	5,234,260	(636,896)
DISBURSEMENTS	5,300,967	4,837,979	462,988	5,724,315	5,130,866	593,449
RECEIPTS OVER (UNDER) DISBURSEMENTS	(336,349)	11,706	348,055	146,841	103,394	(43,447)
CASH, JANUARY 1	1,281,057	1,281,057	0	1,177,663	1,177,663	0
CASH, DECEMBER 31	944,708	1,292,763	348,055	1,324,504	1,281,057	(43,447)
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	23,300	22,487	(813)	19,930	20,738	808
Sales taxes	575,000	565,388	(9,612)	525,000	543,241	18,241
Intergovernmental	87,500	58,440	(29,060)	195,100	99,927	(95,173)
Charges for services	321,800	315,788	(6,012)	328,750	314,678	(14,072)
Interest	13,000	13,087	87	15,000	12,759	(2,241)
Other	13,800	49,146	35,346	78,700	13,216	(65,484)
Transfers in	0	0	0	58,800	0	(58,800)
Total Receipts	1,034,400	1,024,336	(10,064)	1,221,280	1,004,559	(216,721)
DISBURSEMENTS						
County Commissioner	85,340	82,231	3,109	85,890	85,689	201
County Clerk	69,601	69,555	46	73,477	68,331	5,146
Elections	62,750	54,664	8,086	15,950	11,847	4,103
Buildings and grounds	38,650	37,597	1,053	40,200	42,491	(2,291)
Employee fringe benefit	120,500	101,472	19,028	108,600	102,498	6,102
County Treasurer	45,535	45,220	315	44,185	43,555	630
County Collector	101,889	95,321	6,568	106,590	99,128	7,462
Recorder of Deeds	26,527	25,003	1,524	0	0	0
Circuit Clerk	10,650	9,543	1,107	38,527	31,091	7,436
Associate Circuit Court	41,400	6,221	35,179	72,400	20,579	51,821
Court administration	9,712	8,198	1,514	8,693	9,682	(989)
Public Administrator	30,087	28,961	1,126	29,450	28,024	1,426
Prosecuting Attorney	142,152	124,872	17,280	142,372	125,566	16,806
Juvenile Officer	72,181	57,692	14,489	84,223	55,134	29,089
County Coroner	25,350	17,982	7,368	22,050	19,605	2,445
Insurance	19,960	21,602	(1,642)	17,000	17,494	(494)
University extension council	36,000	36,000	0	36,000	36,000	0
Economic development	0	0	0	39,919	25,316	14,603
Other	96,597	77,041	19,556	74,630	97,802	(23,172)
Transfers out	130,000	118,500	11,500	106,500	116,735	(10,235)
Emergency Fund	38,000	0	38,000	35,000	0	35,000
Total Disbursements	1,202,881	1,017,675	185,206	1,181,656	1,036,567	145,089
RECEIPTS OVER (UNDER) DISBURSEMENTS	(168,481)	6,661	175,142	39,624	(32,008)	(71,632)
CASH, JANUARY 1	188,048	188,048	0	220,056	220,056	0
CASH, DECEMBER 31	19,567	194,709	175,142	259,680	188,048	(71,632)

Exhibit B

DALLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	311,668	326,602	14,934	293,455	304,797	11,342
Intergovernmental	1,006,300	909,811	(96,489)	1,866,629	1,453,614	(413,015)
Interest	10,000	22,389	12,389	10,000	9,089	(911)
Other	0	9,355	9,355	1,000	12,694	11,694
Total Receipts	1,327,968	1,268,157	(59,811)	2,171,084	1,780,194	(390,890)
DISBURSEMENTS						
Salaries	500,000	510,439	(10,439)	505,650	523,102	(17,452)
Employee fringe benefit	138,750	136,867	1,883	137,600	126,701	10,899
Supplies	131,000	122,466	8,534	130,000	109,142	20,858
Insurance	31,800	31,829	(29)	22,000	25,080	(3,080)
Road and bridge materials	528,500	417,190	111,310	839,500	589,974	249,526
Equipment repairs	55,000	69,274	(14,274)	60,000	71,846	(11,846)
Rentals	5,000	8,619	(3,619)	0	0	0
Hauling	0	2,160	(2,160)	300,000	202,524	97,476
Other	17,000	30,231	(13,231)	16,500	24,361	(7,861)
Transfers out	39,000	0	39,000	58,800	0	58,800
Total Disbursements	1,446,050	1,329,075	116,975	2,070,050	1,672,730	397,320
RECEIPTS OVER (UNDER) DISBURSEMENTS	(118,082)	(60,918)	57,164	101,034	107,464	6,430
CASH, JANUARY 1	191,264	191,264	0	83,800	83,800	0
CASH, DECEMBER 31	73,182	130,346	57,164	184,834	191,264	6,430
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	102,000	110,245	8,245	112,532	113,882	1,350
Interest	400	462	62	500	445	(55)
Other	500	1,383	883	800	612	(188)
Transfers in	84,000	68,000	(16,000)	76,500	65,000	(11,500)
Total Receipts	186,900	180,090	(6,810)	190,332	179,939	(10,393)
DISBURSEMENTS						
Assessor	191,224	183,647	7,577	190,469	175,640	14,829
Total Disbursements	191,224	183,647	7,577	190,469	175,640	14,829
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,324)	(3,557)	767	(137)	4,299	4,436
CASH, JANUARY 1	4,607	4,607	0	308	308	0
CASH, DECEMBER 31	283	1,050	767	171	4,607	4,436
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	1,900	1,841	(59)	2,000	1,764	(236)
Charges for services	3,800	4,103	303	4,000	3,834	(166)
Other	0	0	0	150	0	(150)
Total Receipts	5,700	5,944	244	6,150	5,598	(552)
DISBURSEMENTS						
Sheriff	10,233	6,819	3,414	10,233	3,559	6,674
Total Disbursements	10,233	6,819	3,414	10,233	3,559	6,674
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,533)	(875)	3,658	(4,083)	2,039	6,122
CASH, JANUARY 1	9,620	9,620	0	7,581	7,581	0
CASH, DECEMBER 31	5,087	8,745	3,658	3,498	9,620	6,122

Exhibit B

DALLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	1,000	1,026	26	1,000	956	(44)
Total Receipts	1,000	1,026	26	1,000	956	(44)
DISBURSEMENTS						
Prosecuting Attorney	1,000	716	284	1,000	0	1,000
Total Disbursements	1,000	716	284	1,000	0	1,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	310	310	0	956	956
CASH, JANUARY 1	2,923	2,923	0	1,967	1,967	0
CASH, DECEMBER 31	2,923	3,233	310	1,967	2,923	956
<u>CAPITAL IMPROVEMENTS SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	575,000	565,390	(9,610)	550,000	543,241	(6,759)
Intergovernmental	75,830	75,589	(241)	0	0	0
Interest	15,000	15,416	416	7,000	17,071	10,071
Other	0	235	235	50,000	0	(50,000)
Total Receipts	665,830	656,630	(9,200)	607,000	560,312	(46,688)
DISBURSEMENTS						
Road and bridge materials	526,000	501,998	24,002	225,000	346,688	(121,688)
Equipment purchases	65,000	51,668	13,332	240,000	212,545	27,455
Road construction	0	0	0	5,000	0	5,000
Bridge construction	43,400	42,184	1,216	0	3,440	(3,440)
Building construction	0	0	0	20,000	6,709	13,291
Other	7,500	8,098	(598)	6,000	3,275	2,725
Total Disbursements	641,900	603,948	37,952	496,000	572,657	(76,657)
RECEIPTS OVER (UNDER) DISBURSEMENTS	23,930	52,682	28,752	111,000	(12,345)	(123,345)
CASH, JANUARY 1	257,251	257,251	0	269,596	269,596	0
CASH, DECEMBER 31	281,181	309,933	28,752	380,596	257,251	(123,345)

Exhibit B

DALLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	575,000	565,391	(9,609)	550,000	543,242	(6,758)
Intergovernmental	81,320	62,440	(18,880)	83,000	66,735	(16,265)
Charges for services	54,000	35,655	(18,345)	50,000	56,082	6,082
Interest	2,000	1,644	(356)	2,270	1,891	(379)
Other	0	2,060	2,060	3,200	360	(2,840)
Transfers in	40,000	52,900	12,900	39,000	58,505	19,505
Total Receipts	752,320	720,090	(32,230)	727,470	726,815	(655)
DISBURSEMENTS						
Salaries	576,077	567,801	8,276	508,907	526,436	(17,529)
Office expenditures	9,350	9,754	(404)	8,850	8,502	348
Equipment	54,500	57,109	(2,609)	59,500	52,936	6,564
Training	2,000	650	1,350	2,000	845	1,155
Officer expense	4,500	2,283	2,217	4,500	2,670	1,830
Jail expenses	52,796	53,873	(1,077)	50,569	50,583	(14)
Prisoner costs	46,000	39,938	6,062	93,000	68,918	24,082
Equipment and repairs	5,050	2,520	2,530	5,050	2,640	2,410
Mileage	5,000	3,708	1,292	8,500	3,560	4,940
Other	1,000	2,506	(1,506)	700	6,357	(5,657)
Total Disbursements	756,273	740,142	16,131	741,576	723,447	18,129
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,953)	(20,052)	(16,099)	(14,106)	3,368	17,474
CASH, JANUARY 1	27,609	27,609	0	24,241	24,241	0
CASH, DECEMBER 31	23,656	7,557	(16,099)	10,135	27,609	17,474
<u>RECORD STORAGE FUND</u>						
RECEIPTS						
Charges for services	20,000	20,565	565	18,000	19,945	1,945
Interest	2,800	2,912	112	2,500	2,773	273
Total Receipts	22,800	23,477	677	20,500	22,718	2,218
DISBURSEMENTS						
Recorder of Deeds	19,600	23,320	(3,720)	26,750	17,572	9,178
Total Disbursements	19,600	23,320	(3,720)	26,750	17,572	9,178
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,200	157	(3,043)	(6,250)	5,146	11,396
CASH, JANUARY 1	52,825	52,825	0	47,679	47,679	0
CASH, DECEMBER 31	56,025	52,982	(3,043)	41,429	52,825	11,396
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	18,000	16,009	(1,991)	8,000	11,543	3,543
Interest	70	263	193	30	65	35
Total Receipts	18,070	16,272	(1,798)	8,030	11,608	3,578
DISBURSEMENTS						
Prosecuting Attorney	12,000	5,405	6,595	8,000	9,028	(1,028)
Total Disbursements	12,000	5,405	6,595	8,000	9,028	(1,028)
RECEIPTS OVER (UNDER) DISBURSEMENTS	6,070	10,867	4,797	30	2,580	2,550
CASH, JANUARY 1	3,470	3,470	0	890	890	0
CASH, DECEMBER 31	9,540	14,337	4,797	920	3,470	2,550

Exhibit B

DALLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	700	530	(170)	500	435	(65)
Total Receipts	700	530	(170)	500	435	(65)
DISBURSEMENTS						
Domestic violence shelte	700	535	165	500	435	65
Total Disbursements	700	535	165	500	435	65
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(5)	(5)	0	0	0
CASH, JANUARY 1	40	40	0	40	40	0
CASH, DECEMBER 31	40	35	(5)	40	40	0
<u>JURY FUND</u>						
RECEIPTS						
Other	13,000	3,669	(9,331)	8,000	11,713	3,713
Transfers in	22,000	20,500	(1,500)	8,000	2,000	(6,000)
Total Receipts	35,000	24,169	(10,831)	16,000	13,713	(2,287)
DISBURSEMENTS						
Jury script	34,000	27,139	6,861	15,074	15,228	(154)
Total Disbursements	34,000	27,139	6,861	15,074	15,228	(154)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,000	(2,970)	(3,970)	926	(1,515)	(2,441)
CASH, JANUARY 1	3,479	3,479	0	4,994	4,994	0
CASH, DECEMBER 31	4,479	509	(3,970)	5,920	3,479	(2,441)
<u>LAW ENFORCEMENT CIVIL FEES FUND</u>						
RECEIPTS						
Charges for services	20,000	24,579	4,579	22,000	20,037	(1,963)
Other	1,250	2,602	1,352	275	1,253	978
Total Receipts	21,250	27,181	5,931	22,275	21,290	(985)
DISBURSEMENTS						
Sheriff	8,500	10,059	(1,559)	15,265	16,669	(1,404)
Transfers out	20,000	22,900	(2,900)	19,000	8,770	10,230
Total Disbursements	28,500	32,959	(4,459)	34,265	25,439	8,826
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,250)	(5,778)	1,472	(11,990)	(4,149)	7,841
CASH, JANUARY 1	8,651	8,651	0	12,800	12,800	0
CASH, DECEMBER 31	1,401	2,873	1,472	810	8,651	7,841
<u>LOCAL EMERGENCY PLANNING COMMITTEE FUND</u>						
RECEIPTS						
Intergovernmental	5,000	2,001	(2,999)	4,300	5,125	825
Other	200	20	(180)	0	208	208
Total Receipts	5,200	2,021	(3,179)	4,300	5,333	1,033
DISBURSEMENTS						
Local emergency planning	7,660	3,303	4,357	4,938	2,612	2,326
Total Disbursements	7,660	3,303	4,357	4,938	2,612	2,326
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,460)	(1,282)	1,178	(638)	2,721	3,359
CASH, JANUARY 1	7,660	7,660	0	4,939	4,939	0
CASH, DECEMBER 31	5,200	6,378	1,178	4,301	7,660	3,359

Exhibit B

DALLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	1,000	0	(1,000)	0	0	0
Charges for service:	1,500	1,939	439	350	13	(337)
Interest	300	179	(121)	175	241	66
Total Receipts	2,800	2,118	(682)	525	254	(271)
DISBURSEMENTS						
Elections	3,500	3,296	204	3,000	421	2,579
Total Disbursements	3,500	3,296	204	3,000	421	2,579
RECEIPTS OVER (UNDER) DISBURSEMENTS	(700)	(1,178)	(478)	(2,475)	(167)	2,308
CASH, JANUARY 1	4,227	4,227	0	4,394	4,394	0
CASH, DECEMBER 31	3,527	3,049	(478)	1,919	4,227	2,308
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	13,000	14,149	1,149	8,000	12,923	4,923
Interest	500	1,197	697	50	465	415
Total Receipts	13,500	15,346	1,846	8,050	13,388	5,338
DISBURSEMENTS						
Collector	9,000	1,838	7,162	5,000	1,756	3,244
Total Disbursements	9,000	1,838	7,162	5,000	1,756	3,244
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,500	13,508	9,008	3,050	11,632	8,582
CASH, JANUARY 1	12,351	12,351	0	719	719	0
CASH, DECEMBER 31	16,851	25,859	9,008	3,769	12,351	8,582
<u>EMERGENCY 911 FUND</u>						
RECEIPTS						
Sales taxes	489,780	515,312	25,532	465,960	495,620	29,660
Charges for service:	5,000	5,313	313	5,000	10,000	5,000
Interest	15,000	18,655	3,655	12,000	16,785	4,785
Other	0	19,455	19,455	0	18,317	18,317
Total Receipts	509,780	558,735	48,955	482,960	540,722	57,762
DISBURSEMENTS						
Salaries	363,951	351,671	12,280	357,734	319,144	38,590
Contractual services	36,710	37,641	(931)	45,365	36,417	8,948
Insurance	8,000	7,318	682	8,000	6,404	1,596
Office expenses	60,650	52,751	7,899	56,100	50,478	5,622
Equipment	76,505	48,317	28,188	73,149	87,192	(14,043)
Building	2,000	5,659	(3,659)	0	0	0
Training	12,500	8,722	3,778	11,000	8,481	2,519
Security	2,100	0	2,100	13,466	10,791	2,675
Vehicles	1,200	862	338	800	1,078	(278)
Uniforms	1,030	726	304	1,030	791	239
Other	10,700	3,877	6,823	4,400	1,731	2,669
Total Disbursements	575,346	517,544	57,802	571,044	522,507	48,537
RECEIPTS OVER (UNDER) DISBURSEMENTS	(65,566)	41,191	106,757	(88,084)	18,215	106,299
CASH, JANUARY 1	310,721	310,721	0	292,506	292,506	0
CASH, DECEMBER 31	245,155	351,912	106,757	204,422	310,721	106,299

Exhibit B

DALLAS COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
HEALTH CENTER FUND						
RECEIPTS						
Property taxes	108,900	124,542	15,642	111,000	116,504	5,504
Intergovernmental	223,600	176,427	(47,173)	247,800	194,018	(53,782)
Charges for services	13,650	17,022	3,372	9,400	23,657	14,257
Interest	3,200	3,332	132	5,500	3,575	(1,925)
Other	12,050	2,240	(9,810)	10,000	8,672	(1,328)
Total Receipts	361,400	323,563	(37,837)	383,700	346,426	(37,274)
DISBURSEMENTS						
Salaries	267,400	265,597	1,803	281,660	241,142	40,518
Insurance	7,600	5,429	2,171	4,700	5,502	(802)
Office expense:	21,850	16,550	5,300	36,250	16,175	20,075
Mileage and training	7,200	6,301	899	5,600	10,158	(4,558)
Program expenses:	52,050	33,785	18,265	36,550	76,524	(39,974)
Building	5,000	12,956	(7,956)	0	1,767	(1,767)
Total Disbursements	361,100	340,618	20,482	364,760	351,268	13,492
RECEIPTS OVER (UNDER) DISBURSEMENTS	300	(17,055)	(17,355)	18,940	(4,842)	(23,782)
CASH, JANUARY 1	196,311	196,311	0	201,153	201,153	0
CASH, DECEMBER 31	196,611	179,256	(17,355)	220,093	196,311	(23,782)

The accompanying Notes to the Financial Statements are an integral part of this statement

Notes to the Financial Statements

DALLAS COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Dallas County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Emergency 911 Board, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Building Fund	2004 and 2003
Circuit Clerk Interest Fund	2004 and 2003
Associate Circuit Division Interest Fund	2004 and 2003
Law Library Fund	2004 and 2003

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Capital Improvements Sales Tax Fund	2003
Record Storage Fund	2004
Prosecuting Attorney Bad Check Fund	2003
Jury Fund	2003
Law Enforcement Civil Fees Fund	2004

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Building Fund	2004 and 2003
Circuit Clerk Interest Fund	2004 and 2003
Associate Circuit Division Interest Fund	2004 and 2003
Law Library Fund	2004 and 2003

In addition, the Emergency 911 Fund's published financial statements did not list disbursements by vendor as required by Section 50.800, RSMo.

2. Cash

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial

institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2004 and 2003, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name or by an irrevocable standby letter of credit issued by a Federal Home Loan Bank.

The Emergency 911 Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depository insurance or by collateral securities held by the board's custodial bank in the board's name.

The Health Center Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depository insurance or by collateral securities held by the board's custodial bank in the board's name.

3. Prior Period Adjustments

The Emergency 911 Fund's cash balance at January 1, 2003, as previously stated has been decreased by \$1,277 to report the actual beginning cash balance.

The Associate Circuit Division Interest Fund's cash balance at January 1, 2003, as previously stated has been increased by \$2,250 to reflect interest earned that was not reported in the prior audit.

Supplementary Schedule

Schedule

DALLAS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state			
	Department of Social Services -			
10.550	Food Donation	N/A	\$ 2,491	873
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-5129W	4,271	0
		ERS045-4129W	26,085	10,475
		ERS045-3129W	0	25,355
			<u>30,356</u>	<u>35,830</u>
U.S. DEPARTMENT OF JUSTICE				
	Passed through:			
	State Department of Public Safety			
16.548	Title V- Delinquency Prevention Program	N/A	0	11,494
	Missouri Sheriffs' Association -			
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,137	0
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state			
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	2,001	5,125
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	265	0
39.011	Help America Vote Act 2002	HAVA2002FED	2,232	0

Schedule

DALLAS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state			
	Department of Health and Senior Services -			
93.268	Immunization Grants	N/A PGA064-3129A-1	20,923 400 <u>21,323</u>	16,536 2,500 <u>19,036</u>
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	DH040022011	7,255	0
93.288	Homeland Security Bioterrorism	N/A	0	6,700
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	633	841
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Grant	PGA067-5129C	1,735	2,050
	Department of Social Services -			
93.667	Social Services Block Grant	ERO172063	28,454	36,249
	Department of Health and Senior Services			
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	ERS161-50021 ERS161-40040 ERS161-30008	3,861 4,447 0 <u>8,308</u>	0 5,280 20,710 <u>25,990</u>
93.991	Preventive Health and Health Services Block Grant	N/A	0	1,270
93.994	Maternal and Child Health Services Block Grant to the States	N/A ERS146-4129M ERS146-3129M ERS175-3018F	0 18,409 0 0 <u>18,409</u>	158 4,385 13,088 4,951 <u>22,582</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
	Passed through state Department of Public Safety			
97.036	Public Assistance Grants	FEMA-1412-DR-MO	24,488	740,520
	Total Expenditures of Federal Award:		\$ <u>149,087</u>	<u>908,560</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

DALLAS COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Dallas County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Food Donation (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the state Department of Social Services.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

Amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services during the year ended December 31, 2003.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2004 and 2003.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Dallas County, Missouri

Compliance

We have audited the compliance of Dallas County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2004 and 2003. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Dallas County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2004 and 2003. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with

OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

Internal Control Over Compliance

The management of Dallas County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information and use of the management of Dallas County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

September 8, 2005 (fieldwork completion date)

Schedule

DALLAS COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2004 AND 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? yes x no
- Reportable condition identified that is not considered to be a material weakness? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major program:

- Material weakness identified? yes x no
- Reportable condition identified that is not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for major program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? x yes no

Identification of major program:

CFDA or Other Identifying <u>Number</u>	<u>Program Title</u>
97.036	Public Assistance Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

04-1.	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Homeland Security
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	97.036
Program Title:	Public Assistance Grants
Pass-Through Entity	
Identifying Number:	1412-DR-MO
Award Years:	2004 and 2003
Questioned Costs:	Not Applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA and to ensure its accuracy. For the years ending December 31, 2004 and 2003, the county's SEFA overstated total expenditures by \$222,798 and \$91,039, respectively. For example, the County Clerk included the state's portion of \$222,103 for the Public Assistance Grant on the SEFA during the year ending December 31, 2004. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and officials.

Without an accurate and timely SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

A similar finding was noted in the prior report.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk will continue to try to identify federal funds for the Schedule of Federal Awards and Expenditures.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

DALLAS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Dallas County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2002.

02-01. Health Center Budgets

The Health Center budgets did not include actual revenues or expenditures for the previous two years.

Recommendation:

The Health Center implement procedures to ensure that actual revenues and expenditures for the previous two years are included in the annual budget.

Status:

Implemented.

02-02. 911 Sales Tax

The county may have limited the possibility for future general sales tax revenues by passing a one-half cent general sales tax under Section 67.547, RSMo and earmarking it for the purpose of implementing and operating an enhanced 911 emergency response system. In addition, a separate Board of Directors was established to monitor and administer the 911 operations and the County Commission relinquished authority over the sales tax funds to the 911 Board in violation of statutory requirements.

Recommendation:

The 911 Board and the County Commission consider future funding needs of the county and consult legal counsel regarding the appropriate statutory authority to levy a sales tax and administer the funding for the 911 system.

Status:

Partially implemented. The Emergency 911 Board submitted requests for a legal opinion to the County Prosecuting Attorney in January 2003 and again in September 2003; however, the Prosecuting Attorney has not rendered an opinion. The Prosecuting Attorney indicated she plans to forward the request to the Attorney General's Office. Although not repeated in the current Schedule of Findings and Questioned Costs, the recommendation remains as stated above.

02-03. Fixed Asset Controls

The county did not establish a written policy related to the handling and accounting for general fixed assets.

Recommendation:

The county establish a written policy describing procedures for the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

Status:

Not implemented. See Management Advisory Report (MAR) finding number 5.

02-04. Procurement

The 911 Board and Health Center did not retain bid documentation in accordance with state law, and the 911 Board's policy did not require solicitation of bids for purchases less than \$5,000.

Recommendation:

The 911 Board and Health Center retain documentation in support of solicited bids and solicit bids on all items costing \$4,500 or more.

Status:

Partially implemented. The 911 Board implemented this recommendation, however, the Health Center has not implemented it. See MAR finding number 12.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

DALLAS COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

02-05. Health Center Contractual Compliance

Federal Grantor:	Health and Human Services (HHS)
Pass-through Grantor:	Missouri Department of Health & Senior Services
Federal CFDA Number:	93.994
Program Title:	Comprehensive Family Planning Services
Pass-through Entity	
Identifying Numbers:	Not Applicable
Award Years:	2002 and 2001
Questioned Costs:	Not Applicable

Health center personnel did not monitor amounts expended on Comprehensive Family Planning (CFP) services and did not periodically calculate the average cost per client of providing such services. As a result, the Missouri Department of Health and Senior Services requested reimbursement of overpayments totaling approximately \$13,000.

Recommendation:

The health center establish procedures to monitor compliance with contractual requirements for Comprehensive Family Planning services.

Status:

Implemented. The Health Center reimbursed the Missouri Department of Health and Senior Services. This program was discontinued and the Health Center has not received any funding from the CFP program since June 2003.

02-06. Schedule of Expenditures of Federal Awards

Federal Grantor: Federal Emergency Management Agency (FEMA)
Pass-through Grantor: Missouri State Emergency Management Agency
Federal CFDA Number: 83.544
Program Title: Public Assistance
Pass-through Entity
Identifying Numbers: Not Applicable
Award Years: 2002
Questioned Costs: Not Applicable

The county did not have procedures in place to adequately identify federal assistance for the preparation of the Schedule of Expenditures of Federal Awards (SEFA). The SEFA prepared by the county included incorrect CFDA numbers and program titles, programs that were not federal funds, and programs that were partially federal funds yet included as 100 percent federal.

Recommendation:

The county implement procedures to ensure that the source and allocation of federal funds are properly identified so that a complete and accurate schedule of expenditures of federal awards may be submitted to the State Auditor's Office as part of the annual budget.

Status:

Not implemented. See finding number 04-1.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

DALLAS COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Dallas County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 8, 2005. That report expressed an unqualified opinion on the financial statements. We also have audited the compliance of Dallas County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 8, 2005.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Dallas County or of its compliance with the types of compliance requirements applicable to its major federal program but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if

applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. County Expenditures

The county did not always solicit bids or retain bid documentation for various purchases. In addition, the commission minutes did not document that the Presiding Commissioner abstained from voting on concrete bids when necessary, supporting documentation for some travel expenditures was not retained, and the county did not fully comply with its written agreement to share office expenses with the Prosecuting Attorney. Improvements are also needed in the county's controls over mileage and fuel usage and written agreements.

- A. The county did not always solicit bids, or bid documentation was not always retained for various purchases. Examples of items purchased for which bid documentation could not be located are as follows:

Items or Service	Cost
Prisoner meals (2004)	\$ 27,562
Prisoner meals (2003)	25,335
Vehicle maintenance (2004)	25,398
Vehicle maintenance (2003)	16,957
Records preservation (2004)	12,969
Records preservation (2003)	19,884
Assessment form processing (2004)	8,538
Mapping services	7,125

The County Commission and County Clerk indicated that bids were solicited for some of these purchases through telephone calls or some items were only available from one vendor in the area; however, documentation of these calls and sole source procurement situations were not maintained.

Section 50.660, RSMo, requires bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidders. Competitive bidding ensures all parties are given an equal opportunity to participate in county business.

- B. The county commission minutes in February 2004 did not document that the Presiding Commissioner, whose family member owns one of the companies that submitted bids, abstained from the voting on annual concrete bids. This company was awarded the bid and was paid \$78,152 in 2004. The County Commission and County Clerk indicated the Presiding County Commissioner abstained from voting

on the bids received in 2004 and 2003; however, in 2004 it was not documented in the commission minutes.

Transactions between the county and parties related to county officials represent potential conflicts of interest. Therefore, the county should ensure any commissioner with a potential conflict of interest abstains from voting and such action is disclosed in the minutes.

- C. The county did not obtain supporting documentation for some travel related expenditures. For example, in August 2004 the county prepaid a \$231 hotel bill for the Prosecuting Attorney to attend a training conference; however, the county nor the Prosecuting Attorney retained supporting documentation for this travel expense. At our request, the Prosecuting Attorney obtained a copy of the bill from the hotel which indicated the county had overpaid the bill by \$18, and according to the hotel a cash refund for the overpayment was made at the time of check out. The Prosecuting Attorney reimbursed the county for the cash refund in October 2005, thirteen months after receiving the cash refund.

All expenditures should be supported by paid receipts or vendor-provided invoices. Such documentation is necessary to ensure purchases are valid and necessary expenditures of county funds. In addition, the county personnel policy states, "Lodging while away on county business or training will be reimbursed upon submission of original paid receipt". Furthermore, when circumstances arise where a check is issued prior to receiving supporting documentation of county purchases, the County Commission should perform a follow up review of the transaction to ensure county funds are expended as intended and any refunds are made to the county.

- D. The Prosecuting Attorney does not have an office in the courthouse and she performs her county duties from an office building used in the operation of her private law practice. The county entered into a written agreement with the Prosecuting Attorney outlining the portion of her expenses to be paid by the county and the Prosecuting Attorney calculates the amount of expenses to be paid by the county then submits a requisition to the county for the reimbursement. A requisition for these expenses has not been submitted by the Prosecuting Attorney since December 2003. The county reimbursed the Prosecuting Attorney \$125 a month or \$1,500 annually in 2003. The Prosecuting Attorney should submit requisitions, and the county should reimburse her for its share of expenses in compliance with the written agreement. In addition, the County Commission and Prosecuting Attorney should review the agreement, and formally amend it, if necessary.
- E. Mileage and fuel usage logs are not reconciled to fuel purchases. Fuel for the Sheriff's office vehicles is purchased from a local vendor and is billed monthly to the county. Established procedures require employees to complete mileage and fuel usage logs for each vehicle indicating how much fuel was pumped. The Sheriff's office spent approximately \$27,600 and \$22,600 for fuel during the years ending December 31, 2004 and 2003, respectively. To ensure the reasonableness of fuel

expenditures, the county should reconcile mileage and fuel usage logs to fuel purchased. Failure to account for fuel purchases could result in loss, theft, and misuse.

- F. Deputies in the Sheriff's office are allowed to use a county owned patrol car to commute to and from work. Deputies that live within Dallas County are considered on-call for emergencies. However, we noted the following concerns related to the use of a deputy's patrol car:

1. One deputy does not reside within the county and lives in Nixa approximately 47 miles away (one way) and commutes to and from work in his patrol car. The Sheriff indicated this deputy occasionally transports prisoners to and from Greene County; however, documentation of the number of transports is not maintained. The Sheriff also indicated prisoner transports are unpredictable and do not occur daily. In addition, neither the Sheriff nor the County Commission have performed a formal cost/benefit analysis to determine the reasonableness of the commuting costs, nor has a written policy regarding the use of county owned vehicles for personal use been established.

A formal cost/benefit analysis of the costs related to transporting prisoners/commuting would better support the county's decision-making process. Given the excessive amount of miles and the high cost of fuel, the Sheriff and the County Commission should review the costs of using county owned vehicles only when needed.

2. The amount of personal (commuting) mileage is not maintained for each deputy's vehicle or included on the deputies' W-2 as a fringe benefit. We estimated the deputy noted above commutes approximately 94 miles per day or approximately 24,440 miles a year (94 miles *5 days*52 weeks) in a county owned vehicle.

The Internal Revenue Service (IRS) reporting guidelines indicate personal commuting mileage is a reportable fringe benefit. Because procedures have not been established to ensure the IRS regulations are followed, the county may be subject to penalties and/or fines for failure to report all taxable benefits.

- G. The Dallas County jail houses prisoners for other political subdivisions and other entities house Dallas County prisoners when the need arises. The county has not entered into written agreements with these entities regarding the housing rate to be paid, the services to be provided, or any required notification for emergency or non routine situations. Currently, Dallas County charges \$35 a day to house a prisoner or exchanges the cost of housing prisoners with neighboring counties. The housing rate charged by other entities to Dallas County varies from \$30-\$45 a day. Each county is responsible for any medical costs incurred for their prisoners.

For example, in February 2003, Christian County verbally agreed to house a prisoner for Dallas County. The prisoner being housed required emergency medical treatment and was sent to a local hospital by Christian County. Dallas County officials indicated they were not notified that medical treatment was needed for the prisoner, however in June 2003, they received a bill from a collection agency for medical and interest expenses totaling \$13,768. The county negotiated the amount due for these medical services down to approximately \$7,980.

Written contracts are necessary to document the duties and responsibilities of all parties and to prevent misunderstandings. In addition, Section 432.070, RSMo, prohibits a county from making a contract unless it is in writing.

A condition similar to Part D. was noted in our prior report.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- B. Ensure commissioners with a potential conflict of interest abstain from voting and that this action is disclosed in the commission minutes.
- C. Require adequate supporting documentation prior to approving expenditures for payment. In the future, if checks need to be issued prior to receiving supporting documentation, the County Commission should perform a follow up review of the transaction to ensure funds are expended as intended.
- D. Request the Prosecuting Attorney to submit a bill for payment, and reimburse the Prosecuting Attorney in compliance with its written agreement. In addition, the County Commission and Prosecuting Attorney should review the agreement and amend it, if necessary.
- E. Require the Sheriff to perform a documented periodic reconciliation of fuel purchased to amounts used in county vehicles and investigate any significant discrepancies.
- F.1. And the Sheriff perform a cost/benefit analysis of the costs related to personal use of county vehicles.
- 2. Ensure the county complies with IRS guidelines for reporting personal commuting mileage.
- G. And the Sheriff enter into written agreements for the boarding of prisoners.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. We will work with other officials to ensure bids are obtained and we will document sole-source procurement situations.*
- B. We will ensure minutes document that the commissioner abstained from voting in the future.*
- C. We will ensure documentation is obtained for all travel expenses.*
- D. We will establish a new written agreement, and the Prosecuting Attorney is planning to submit a request for past amounts due.*
- E. We will work with the Sheriff to ensure this is implemented.*
- F. We will reevaluate this policy, work with the Sheriff to address this issue, and insist the car remain inside the county.*
- G. We will work with the Sheriff to obtain written agreements with other political subdivisions for housing prisoners.*

The Prosecuting Attorney provided the following response:

- C. I did not receive a cash refund; however, I did reimburse the county for the refund and we are now retaining all paid receipts for lodging and other expenses related to seminars.*

2. Personnel Policies and Procedures and Officials' Bonds
--

Various concerns were noted regarding payroll procedures for the Sheriff's office including the accuracy of timesheets and leave records and ensuring compliance with the Fair Labor Standards Act (FLSA). In addition, the wording of the county's blanket bond did not clearly address whether some officials were covered under the bond.

- A.1. Timesheets were not always prepared and signed by employees of the Sheriff's office. Monthly timesheets were apparently prepared by employees and forwarded to the former sheriff, who then prepared and submitted employee timesheets to the county. There was no evidence that the former Sheriff compared the two timesheets, and as a result, what was submitted did not always agree to what the employee's records showed and the county had nothing on file signed by the employee. For example, one employee time sheet prepared by the former Sheriff and submitted to the county indicated 176 hours worked during July 2004. However, the employee provided us a copy of a July 2004 timesheet prepared and signed by him which indicated 184 hours were worked during the month. Proper control over payroll

requires documentation, such as timesheets prepared and signed by employees and approved by supervisors, to provide evidence of actual time worked each month.

2. As a result of the different timesheets, it is unclear whether compensatory time earned by law enforcement personnel is in compliance with the FLSA. Currently, compensatory time is earned if a law enforcement employee works more than 40 hours in a week. FLSA requires law enforcement personnel to earn compensatory time for any hours worked in excess of 171 hours in a 28 day cycle. The Sheriff and the County Commission should review its current policy and procedures to ensure compliance with the FLSA. In addition, the personnel policy should be amended, if necessary.
- B. Although the Chief Administrator indicated she reviewed all timesheets for accuracy prior to submitting them to the County Clerk's office for payment, an adequate review of the timesheets was apparently not performed. For example, in January 2005, an eight hour holiday was recorded twice on an employee's timesheet and as a result, the employee's leave was overstated. The lack of adequate review procedures allows the potential for errors and misstatements which may not be detected. In addition, the FLSA requires accurate records of actual time worked by employees be maintained.
- C. Records of compensatory, vacation, and sick leave earned (used) and accumulated of the Sheriff's office employees were not filed with the County Clerk or the former Sheriff's office. Employees of the former Sheriff's office were allowed to track their own leave, and the new Sheriff chose to rely on each employee's record of accrued vacation, sick, and compensatory hours to establish leave balances when he took office in January 2005. As a result, an employee resigned in May 2005 and was subsequently paid \$3,398 for 248 hours of vacation, 25 hours of compensatory time, and 8 hours of holiday leave based upon leave balances provided by the employee.

Leave records should be filed in a central location with the county's payroll records. In addition without centralized leave records the County Commission cannot ensure that employees' compensatory, vacation, and sick leave balances are accurate and that all employees are treated equitably. Centralized leave records will also aid in determining final pay for employees leaving employment.
- D. The county does not appear to have adequate bond coverage for several elected officials. The county secured a \$100,000 blanket bond for all county employees and believed it covered some of the elected officials; however, the wording of the bond is not clear on officials who are required by law to furnish an individual bond to qualify for office. The elected officials who may not be in compliance with statutory bonding provisions are as follows:

<u>Elected Official</u>	<u>Statutory Minimum</u>
County Clerk	\$ 5,000

Assessor	1,000
Sheriff	5,000
Coroner	1,000
Recorder of Deeds	1,000
Public Administrator	10,000
Surveyor	1,000

Sections 51.070, 53.040, 57.020, 58.050, 59.100, 60.030, and 473.730 RSMo, require these county officials to obtain minimum amounts of bond coverage as shown above. In addition, as a means of safeguarding assets and reducing the county's risk in the event of any misappropriation of funds, these officials should be adequately bonded.

WE RECOMMEND the County Commission:

- A. And the Sheriff ensure that all time sheets are prepared and signed by the employees, and review the county's current policy for handling compensatory time.
- B. And the Sheriff ensure all timesheets are adequately reviewed for accuracy.
- C. Ensure that records are maintained by the County Clerk's office of annual, sick, and compensatory leave earned, used, and accumulated.
- D. Require all elected officials to be bonded as required by statute.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

A&B. We will consult with the Sheriff and try to address these issues.

C. We will ensure the Sheriff files these leave records with the County Clerk.

D. Separate bonds have been obtained for all elected officials.

A&B. The sheriff indicated he would work with the County Commission to address these issues.

3.**Property Tax System Controls and Procedures**

The Assessor's office is allowed access to the assessment data during periods when changes to the data are not allowed by state law. In addition, employees of the County Assessor and County Collectors' offices do not utilize confidential passwords to limit access to the property tax computer system, and there was no evidence the County Commission examined and approved the County Collector's annual settlements.

The county's assessment lists and tax books are maintained on a computerized property tax system. The County Assessor is responsible for entering the assessed valuation data, and the County Clerk is responsible for entering the tax rates and extending and printing the tax books. The County Clerk verifies the tax books and the County Collector collects the property taxes.

- A. The County Assessor and her staff enter the assessed valuation data from the assessment sheets, which are to be completed by May 31 of each year (when the Board of Equalization meets to approve the county's assessed valuations); however, the Assessor and her staff can also enter changes in assessed valuations after approval by the Board of Equalization. After the Board of Equalization meetings are completed, the County Assessor has no statutory authority to make changes to the assessment data. As a result of the County Assessor and her staffs' ability to make changes after the Board of Equalization meets, there is an increased risk that unauthorized changes can be made to the assessment data.
- B. Employees of the County Assessor and County Collectors' offices do not utilize confidential passwords to limit access to the various data files and programs used by each office. A unique password should be assigned to each user of a system, and these passwords should be kept confidential and changed periodically to help limit the effect of unauthorized access to computer files.
- C. There was no evidence the County Commission examined and approved the County Collector's annual settlements. A detailed review should be performed by the County Commission to ensure the accuracy of the annual settlement.

WE RECOMMEND the County Commission work with the applicable county officials to:

- A. Restrict access to the assessment data during periods when changes to the data are not statutorily allowed.
- B. Consult with its programmer and establish procedures to restrict access to computer files, including the use of unique passwords, to authorized individuals.
- C. Perform a detailed review of the County Collector's annual settlements.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. We will take this under advisement. Current procedures are working to our satisfaction.*
- B. We will consult with the programmer to address this issue.*
- C. We will examine and approve the collector's annual settlement.*

4. Budgets, Planning, and Minutes
--

Actual expenditures exceeded the original budgeted amounts in various county funds, and as a result of inadequate monitoring procedures, the County Commission amended various county budgets after expenditures had already exceeded the original budget. In addition, an annual maintenance plan for county roads and bridges has not been prepared, and minutes were not prepared to document the matters discussed in closed meetings.

- A. The County Commission and other county officials approved expenditures in excess of budgeted amounts for various funds for the years ended December 31, 2004 and 2003. Actual expenditures exceeded budgeted amounts in the following funds:

Fund	Year Ended December 31,	
	2004	2003
Capital Improvements Sales Tax Fund	\$ N/A	76,657
Record Storage Fund	3,720	N/A
Prosecuting Attorney Bad Check Fund	N/A	1,028
Jury Fund	N/A	154
Law Enforcement Civil Fees Fund	4,459	N/A

In addition, the County Commission amended the 2004 budgets for various county funds on December 3, 2004, however the expenditures had occurred prior to the amendments, and no earlier action had been taken. For example, the County Commission amended the Capital Improvement Sales Tax (CIST) Fund expenditures by \$156,400 for some expenditures that were made prior to December 3, 2004. The County Commission failed to adequately monitor the expenditures of the CIST Fund which were spent on unplanned paving and bridge projects. Amendments made after expenditures have exceeded the budgets do not allow for the budgets to be used as an effective management tool.

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo. 1122, 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved,

including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds, which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget. Further, to ensure the adequacy of the budgets as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual expenditures, valid reasons which necessitate excess expenditures should be provided to support amendments, and public hearings should be held prior to the adoption of all budget amendments.

- B. An annual maintenance plan for county roads and bridges has not been prepared. A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the road and bridges to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the county commission. In addition, a public hearing should be held to obtain input from the county residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of county roads and bridges throughout the year.

- C. Minutes were not prepared to document the matters discussed in a closed meeting held in July 2003. While the regular minutes did disclose the reason for entering into closed session, minutes were not maintained for the closed portion of the meeting.

Effective August 28, 2004, Section 610.020, RSMo, provides that minutes of closed meetings should be prepared and retained. In addition, Section 610.021, RSMo, allows the County Commission to close meetings to the extent the meetings relate to certain subjects, including litigation, real estate transactions, and personnel matters, and requires the votes taken and final decisions to be made public. Also, Section 610.022, RSMo, requires the County Commission to vote in open session to close a meeting and to announce publicly the reasons for going into closed session. This law also provides that public governmental bodies shall not discuss, record, or vote on any other business during the closed meeting that differs from the specific reasons used to justify such meeting.

A finding similar to Part A. was noted in the prior report.

WE RECOMMEND the County Commission:

- A. Ensure expenditures are kept within the amounts budgeted. In addition, implement procedures to ensure budgets are properly amended if necessary, budget amendments are properly made prior to incurring the actual expenditures, and valid reasons which necessitate excess disbursements are provided.
- B. Establish a formal annual maintenance plan for county roads and bridges.
- C. Ensure minutes are prepared and retained for all closed meetings.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We will better monitor budgeted and actual expenditures and amend the budgets prior to over spending.*
- B. *We will take under advisement.*
- C. *We will comply with state law.*

5. General Fixed Assets

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. Currently, each county official prepares and submits an inventory listing of fixed assets to the County Clerk annually, and the County Clerk maintains an inventory listing all other assets owned by the county. The property records maintained do not always include some necessary information, such as acquisition dates, costs, serial numbers, tag numbers, and date and method of disposal. Also, property items are not always properly numbered, tagged, or otherwise identified.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Section 49.093, RSMo, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$1,000 or more. The inventory shall list such property by descriptive name, serial number, model, age, and estimated market value, and after the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk. Property control tags should also be affixed to all fixed asset items and recorded on the inventory listings to help improve accountability and to ensure that assets are properly identified as belonging to the county.

A similar condition was noted in the prior report.

WE RECOMMEND the County Commission ensure inventory records maintained list property by acquisition dates, costs, serial numbers, tag numbers, and date and method of disposal. In addition, property control tags should be affixed.

AUDITEE'S RESPONSE

The County Commission indicated they will work with other officials to ensure the fixed asset records are complete and all property is tagged.

6. Sheriff Accounting Controls and Procedures
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Controls and procedures over seized property need improvement. In addition, the handling of DARE funds need improvement, accounting duties are not adequately segregated, and controls over receipts need improvement. Also, vehicle logs for county owned patrol cars were not adequate, and the Sheriff's office does not calculate the average cost of meals served to prisoners.

The Sheriff routinely seizes property to be used as evidence and received monies for civil and criminal process fees, gun permits, bonds, and other miscellaneous fees totaling approximately \$247,000 and \$196,000 during the years ending December 31, 2004 and 2003, respectively. The Sheriff also provides meals to prisoners and houses prisoners at/for other entities.

A. Under the Criminal Activity Forfeiture Act, Section 513.600, RSMo, the Sheriff may seize property after an investigation reveals that the property was purchased from proceeds of drug sales by a defendant. The Sheriff also routinely seizes property to be used as evidence for cases that are not drug-related in accordance with Section 542, RSMo. Adequate controls over seized property have not been established as follows:

1. Seized cash is not being stored in a secure location. We identified \$3,781 being stored in various evidence envelopes in the seized property room. An additional \$116 of seized cash was located in a trash bag on the floor of the seized property officer's office. Seized cash should be stored in a secure location such as a vault or safe.
2. Procedures have not been implemented to periodically review cases and dispose of related seized property items. As a result, \$2,748 of the above seized cash related to cases already disposed of in court has been on hand since 2002 with \$1,241 dating back to 1998. The Sheriff's office has not requested a judge to review the cases and order disposition of the funds.

Section 542.301(5), RSMo, states seized property may be ordered sold or destroyed by a judge if not claimed within one year from the date of seizure. Proper disposal of such items would eliminate the significant risks of unauthorized access, use, or theft, and the related potential liability of the county for such possible improper access or use.

3. The seized property records maintained are not accurate or complete. For example, \$116 of the seized cash noted above was not included on the seized property record. Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. An inventory control record should include information such as description, persons involved, current location, case number, and disposition of such property. Officers should be required to sign the inventory record each time evidence is removed from the room. In addition, periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.
- B. The former Sheriff received DARE donations, held them in cash, and did not maintain records of the DARE monies received or expended. As a result, there is no assurance that DARE funds received were handled properly. In February 2005, the current Sheriff started maintaining records of donations received, and opened a bank account with \$110 of DARE monies on hand. He subsequently received \$2,351 of additional donations in February and March 2005. While accountability over such monies has improved, the Sheriff has no authority to maintain custody of this account. Attorney General's Opinion No. 45 to Henderson, concluded that the Sheriff of a third class county is not authorized to maintain a bank account for law enforcement purposes separate from the county treasury. The remaining account balances should be transferred to the County Treasurer and future receipts should be transmitted directly to the County Treasurer.
- C. The duties of receiving, recording, depositing and disbursing monies, and reconciling the bank account are not adequately segregated. The Chief Administrator primarily performs all of these duties. In addition, there is no indication that supervisory reviews are performed.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of records by another employee or the Sheriff.

- D. The following concerns were noted regarding the Sheriff's receipting procedures:

1. Receipt slips are not always issued immediately upon receipt, and these receipts are not posted to the cash control ledger in a timely manner. The Chief Administrator indicated receipt slips are issued for monies received when time allows, and these receipts are not posted to the cash control ledger until the end of each month.
2. The method of payment is not always indicated on receipt slips.
3. Receipts are not always deposited intact or in a timely manner. The Chief Administrator indicated deposits are made as time allows. For example, \$1,950 of cash bonds received during the period May 3, 2005 through May 8, 2005 was not deposited until May 10, 2005.
4. Checks and money orders are not restrictively endorsed immediately upon receipt.

To adequately safeguard receipts and to reduce the risk of loss, theft, or misuse of funds, receipts should be posted to the receipt book and cash control ledger immediately upon receipt, receipts should be deposited intact daily or when accumulated receipts exceed \$100, and checks and money orders should be restrictively endorsed immediately upon receipt. In addition, to ensure receipts are accounted for properly, the method of payment should be recorded on the receipt slips, and composition of the receipt slip issued should be reconciled to the composition of deposits.

- E. Vehicle logs maintained by the Sheriff's office for county owned patrol cars did not adequately document appropriate use of the vehicles. While gasoline purchases, odometer readings at the time of gas purchases, and the officer purchasing the gasoline were recorded, the logs did not include the purpose and destination of each trip or the daily beginning and ending odometer readings. Given the county is allowing personal commuting mileage to be incurred as noted in finding number 1.F., vehicle logs should be prepared for each vehicle which include the date, odometer readings, and purpose of each trip (including any personal commuting mileage).
- F. Although the Sheriff's office maintains attendance records of prisoners housed in the county jail and retains documentation of the related food purchases from local vendors, the Sheriff's office does not calculate the average cost of meals served to prisoners. During the years ended December 31, 2004 and 2003, expenditures for prisoner food totaled approximately \$28,000 and \$25,000, respectively. The average cost of meals served to prisoners should be calculated periodically to ensure county assets are not misused and that expenditures for prisoner meals are reasonable. In addition, Section 221.105, RSMo, requires the governing body of any county to fix the amount to be expended for the cost of incarceration of prisoners confined in the jail.

Conditions similar to Parts C. and D.3. were noted in our prior report.

WE RECOMMEND the Sheriff:

- A. Ensure seized cash is stored in a secure location, adopt procedures to periodically follow up on seized property items, and obtain written authorization to dispose of the items upon final disposition of the cases. In addition, maintain a complete and accurate listing of all seized property received including information such as a description, persons involved, current location, case number, and disposition of such property. Also, periodically reconcile the listing to the property items in the seized property room.
- B. Turn over custody of the DARE account to the County Treasurer.
- C. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented in the Sheriff's office.
- D. Ensure that all monies received are promptly recorded in the receipt book and cash control records, record the method of payment on the receipt slips and reconcile the composition of receipts to the composition of bank deposits, deposit all monies intact daily or when accumulated receipts exceed \$100, and restrictively endorse checks and money orders immediately upon receipt.
- E. Maintain vehicle logs for each vehicle which include the date, odometer readings, and purpose of each trip (including personal commuting mileage) in order to document appropriate use of all vehicles.
- F. Periodically calculate the average cost for prisoner meals.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A. *The officer was conducting a physical inventory during the auditor's cash count of seized monies. Evidence has now been organized, logged, and secured. In addition, we have implemented procedures to obtain disposition orders from the Prosecuting Attorney for seized monies that have been on hand for several years, and a new seized property record has been established and an inventory conducted.*
- B. *We have transferred these funds to the County Treasurer. Any funds collected in 2006 will be handled by an independent group.*
- C. *We have already implemented procedures for me to review the accounting records.*
- D. *Receipt slips are currently issued immediately upon receipt, and we will try to post more timely. In addition, the office manager has always indicated the method of payment, and we are currently implementing procedures to ensure this is done by dispatchers. I will review*

the issue of depositing timely and will make changes as needed. Checks and money orders are currently being endorsed when received.

E. This has been corrected.

F. We performed this calculation recently and will continue to do this periodically in the future.

7. Prosecuting Attorney Accounting Controls and Procedures

Receipt slips are not issued for some monies received, bad check restitution and fees are not always transmitted to the merchants and County Treasurer in a timely manner, and backup disks of computerized bad check information are not stored in an offsite location.

The Prosecuting Attorney collects bad check restitution and fees. The Prosecuting Attorney's office requests bad check offenders to remit two money orders, one payable to the merchant for restitution and one payable to Dallas County for the bad check fee. The Prosecuting Attorney does not maintain a bank account and transmits the bad check fees to the County Treasurer and bad check restitution monies are remitted directly to the merchants. The Prosecuting Attorney's Office collected bad check fees totaling approximately \$13,200 and \$11,000 during the years ended December 31, 2004 and 2003, respectively.

- A. Receipts slips are not always issued for monies received under the office door (after hours) and through the mail. To adequately account for all receipts, pre-numbered receipt slips should be issued for all monies received and the numerical sequence accounted for properly.
- B. Bad check restitution and fees are not always transmitted to the merchants and County Treasurer on a timely basis. For example, three money orders for bad check restitution received on May 26, 2005 totaling \$337 were not transmitted to the merchant until June 29, 2005. In addition, bad check fees collected during the month of May 2005 totaling \$748 were not transmitted to the County Treasurer until June 21, 2005. Procedures should be established to ensure bad check restitution is disbursed to the victims in a timely manner. In addition, bad check fees should be turned over monthly to the County Treasurer as required by Section 50.360, RSMo.

A similar condition was noted in two prior reports.

- C. Backup disks of computerized bad check information are not stored in an offsite location. As a result, the backup disks are susceptible to the same damage as the master files. All bad check information, such as the bad check writer, the check number and amount of the bad check, the vendor name, the date and amount of monies received for restitution and fees is recorded on the computerized system. Computerized records are at risk of loss due to equipment failure or other electronic disaster. A backup disk should be periodically prepared to provide a means of

recreating destroyed master disks. Backup disks should be stored off-site to provide increased assurance that any lost data can be recreated.

WE RECOMMEND the Prosecuting Attorney:

- A. Issue pre-numbered receipt slips for all monies received and account for the numerical sequence of receipt slips.
- B. Transmit bad check restitution and bad check fees to merchants and the County Treasurer in a timely manner.
- C. Ensure computerized bad check records are backed-up and stored in a secure, off-site location.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A. *We are currently issuing receipt slips for all monies received.*
- B. *We provide two options for victims to either receive restitution by mail or to pick it up personally. If mailed, it is mailed immediately. If the victim chooses to pick it up, a second contact is made by our office if it has not been picked up within 30 days. Generally fees are transmitted to the Treasurer monthly.*
- C. *Currently backup disks are being stored off-site.*

8. Circuit Clerk Accounting Controls and Procedures
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A complete listing of accrued costs owed to the Circuit Court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate. In addition, accounting duties are not adequately segregated in the Circuit Clerk's office.

The Circuit Clerk's office processed receipts from fines and costs for criminal and civil cases of \$429,968 and \$201,637 during the years ending December 31, 2004 and 2003, respectively.

- A. A complete listing of accrued costs owed to the Circuit Court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate. The Circuit Clerk relies on the probation and parole officers to ensure that monies owed to the court are paid. Upon our request, the Circuit Clerk ran a report of accrued costs totaling \$580,630 due to the Circuit Court as of March 11, 2005. The Circuit Clerk should establish written procedures for collecting accrued costs. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue. A complete and accurate listing of

accrued costs would allow the Circuit Clerk to more easily review the amounts owed to the court and take the appropriate steps to ensure all amounts owed are collected on a timely basis.

- B. Accounting duties are not adequately segregated in the Circuit Clerk's office. Currently, the Circuit Clerk performs most of the accounting duties, including receiving, depositing and disbursing monies, preparing bank reconciliations, and maintaining the accounting records. The Circuit Clerk indicated some of the receiving duties are performed by other deputies.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance. This could be achieved by segregating the functions of receiving and depositing court monies from that of recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of recorded receipts and bank deposits and an independent review of bank reconciliations.

WE RECOMMEND:

- A. The Circuit Clerk maintain a complete listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection of all costs owed to the court.
- B. The Circuit Clerk segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following responses:

- A. *A large portion of the \$580,000 balance of accrued costs is uncollectible because many of the defendants were sent to the Department of Corrections. We will obtain a court order from the Circuit Judge to write off these uncollectible costs. In addition, some of these accrued costs are restitution that is being paid off over a period of time.*
- B. *I believe the court is doing the best job it can to segregate duties. No one clerk is responsible for performing all the duties.*

9. County Clerk Accounting Controls and Procedures

The County Clerk's office processed receipts for notaries, liquor licenses, maps, plat books, and copies of approximately \$8,400 annually. The County Clerk indicated she normally deposits receipts once a month and then immediately disburses the monies deposited to the County Treasurer. To adequately safeguard receipts and to reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100. Given the current procedures, maintaining a bank account appears unnecessary.

While the County Clerk does not collect large amounts of fees, control weaknesses such as these need to be improved.

WE RECOMMEND the County Clerk evaluate whether a bank account is necessary, and if so, deposit monies intact daily or when accumulated receipts exceed \$100.

AUDITEE'S RESPONSE

The County Clerk indicated more timely deposits in May and June will be made to comply with the recommendation.

10. County Assessor Accounting Controls and Procedures

The County Assessor's office accepts cash, checks, and money orders for maps, copies, and faxes. Receipt slips are not always issued for monies received, do not always indicate the method of payment, and are not always issued in numerical order. In addition, checks and money orders are not restrictively endorsed immediately upon receipt. Instead, endorsements are applied after monies are transmitted to the County Treasurer. In addition, the County Assessor does not prepare and file a monthly report of fees with the County Commission.

The County Assessor's office processed receipts for maps, photo copies, and faxes of approximately \$870 annually. While the County Assessor does not collect large amounts of fees, control weaknesses such as these need to be improved.

To properly account for all receipts and ensure they are handled properly, receipt slips should be issued for all monies received, the method of payment received should be recorded and reconciled to the composition of monies transmitted to the County Treasurer, and the numerical sequence of receipt slips should be accounted for properly. In addition, to adequately safeguard receipts, all checks should be restrictively endorsed immediately upon receipt, and Section 50.370, RSMo, requires county officials to file a monthly report of fees with the County Commission.

WE RECOMMEND the County Assessor issue receipt slips for the monies collected, record the method of payment received and reconcile the composition of monies collected to receipt slips and transmittals, account for the numerical sequence of receipt slips, and restrictively endorse checks and money orders immediately upon receipt. In addition, file a monthly report of fees with the County Commission in accordance with state law.

AUDITEE'S RESPONSE

The County Assessor indicated she is in the process of obtaining prenumbered receipt slips. She will ensure receipt slips are issued for all monies received and indicate the method of payment. A monthly report of fees will be filed with the County Commission.

11. Emergency 911 Board

Improvements are needed in the controls and procedures over Emergency 911 expenditures, including credit cards and vehicle usage. In addition, payroll procedures and policies over timecards and leave policies need improvement. Also, the board has not established formal policies and procedures for general fixed assets, and the board's financial statements did not list disbursements by vendor as required by state law.

The Emergency 911 Board received approximately \$515,300 and \$495,600 in sales tax revenues during the years ending December 31, 2004 and 2003, respectively.

- A. The Emergency 911 Board has fifteen credit cards to various vendors that are used by the director and its employees for the purchase of supplies, building repairs, and traveling expenses. Credit card expenditures totaled over approximately \$16,700 during the two years ending December 31, 2004. The Emergency 911 Board has not adopted formal policies and procedures for the use of the credit cards. Policies and procedures are necessary to help ensure the credit cards are used only for Emergency 911 business. In addition, the board should carefully evaluate the need for each credit card.
- B. A mileage log is not maintained for the vehicle owned by the Emergency 911 Board. This vehicle was driven approximately 6,700 miles during the first ten months of 2005. Mileage logs should document the date, destination, purpose of trip, odometer readings, and the employee driving the vehicle. Complete and detailed mileage logs are necessary to monitor mileage and evaluate the usage of the vehicle.
- C. During our review of the Emergency 911's payroll controls and procedures, we noted the following concerns:
 - 1. Employee time cards are not signed by the employee. In addition, there is no indication that the employee time cards are approved and signed by a supervisor. Employee time cards should be signed by the employee and

include documentation of supervisory approval to ensure all salary payments are based upon hours actually worked.

2. The Emergency 911 Board did not require the director to prepare a timesheet documenting the number of hours worked. As a result, the board has no documentation of work performed to support the \$42,500 of annual payroll expenditures. Such timesheets would also assist the board in tracking the director's leave balances.
3. The Emergency 911 Board has not established a formal policy regarding donated leave time for its employees. One employee had no accumulated annual leave or sick leave time to use when she became ill and other Emergency 911 employees donated 111 hours or \$928 of their leave. Complete and detailed written policies are necessary to provide guidance to Emergency 911 employees and provide a basis for proper compensation.

D. The Emergency 911 Board has not established formal policies and procedures for general fixed assets. Our review of general fixed assets revealed the following concerns:

1. Property records do not always include some necessary information, such as acquisition dates, costs, serial numbers, tag numbers, and the date and method of disposal. In addition, the property records do not include the Emergency 911 Board's vehicle, land, building, and building improvements. Also, an annual physical inventory of property has not been performed since 2002. Furthermore, property records are not maintained in a manner that allows beginning balances, additions, and deletions for each year to be reconciled to balances at the end of each year. Adequate general fixed assets records are necessary to secure better internal controls over property and provide a basis for determining proper insurance coverage. Inventories and proper tagging of property are necessary to ensure fixed asset records are accurate, identify any unrecorded additions and dispositions, detect theft of assets, and identify obsolete assets.
2. The Emergency 911 Board donated equipment valued at \$300 each to the Dallas County First Responders and the Louisburg Fire Department during the year ending December 31, 2004 and 2003, respectively. The 911 Board has not established any written procedures regarding disposition of assets. The board needs to establish formal procedures to ensure the disposition of assets is properly handled, approved, and recorded in the fixed asset records. These procedures should ensure the method of disposal (e.g. bids, public sale, donation, etc) allows for participation by the public or other political subdivisions and provides the best price/assistance for the Emergency 911 Board.

- E. The Emergency 911 Board's published financial statements did not list disbursements by vendor. Section 50.800, RSMo, requires detailed lists of disbursements by vendor. For the published financial statements to adequately inform the citizens of the Emergency 911 Board's financial activities, all information required by law should be included.

Conditions similar to Parts B. and D.1. were noted in a prior report.

WE RECOMMEND the Emergency 911 Board:

- A. Evaluate the need for each credit card and cancel any cards which are determined unnecessary. Adopt formal policies and procedures for credit card use, including policies which prohibit the personal use of Emergency 911 credit cards, require all credit card slips be submitted prior to payment of invoices for the board's review, and require credit card purchases to comply with 911 bidding policies.
- B. Ensure a mileage log is maintained.
- C.1. Ensure employee time cards are signed by the employee, and require documentation of a supervisory approval on all time cards.
 - 2. Require the Emergency 911 director to prepare a time card.
 - 3. Expand the Emergency 911 Center's leave policy to address the issue of donated leave time.
- D.1. Establish a written policy related to the handling and accounting for general fixed assets. In addition, to providing guidance on accounting and record keeping, the policy should include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and other concerns associated with 911 Center property. Also, inventories and inspections should be performed and general fixed asset purchases should be periodically reconciled to general fixed asset additions. In addition, property control tags should be affixed.
 - 2. Establish formal procedures related to the handling and approval of fixed asset dispositions.
- E. Ensure published financial statements include all information required by state law.

AUDITEE'S RESPONSE

The Emergency 911 Board provided the following responses:

- A. Of the fifteen credit cards, two were fuel cards (a duplicate is desirable for contingency planning), and several were store credit cards that were required to open an account at a specific store. Some credit cards have been eliminated. Credit cards maintained include, two fuel cards, a bank Visa card, a Quick Books MasterCard, a Staples store card, Office Depot store card, two Sam's Club cards, and a Wal-Mart store card. A policy has been developed indicating that credit cards are to be kept in the safe until needed and are to be signed out on a log, which resides with the cards, in the safe. An exception is made for the Sam's Club cards that have individual employees picture identification assigned to each card, per the Sam's Club policy.*
- B. The management of Dallas County 911 asked the independent contracted auditors at the most recent financial audit, if it was necessary to keep a log of the vehicle mileage if the vehicle was only used for business purposes and was so stated in a policy. The previous independent contracted auditors indicated that the mileage log was not necessary. Since being informed by your office that a mileage log is required, one has been established and maintained. A vehicle usage policy will be updated to reflect the need for a mileage and usage log.*
- C.1. Employee time cards were signed by the employees, however, were not consistent in their method. Some employees printed their names, made other marks, calligraphy, or actually signed their name. The employees have been advised to sign their cards at the end of the pay period and will be required to do so, before being given their paychecks. Employee time cards have always been reviewed by management and all hours are approved by management. The process includes the Office Manager checking the time cards against a schedule, the Dispatch Supervisor comparing the cards for overtime and submitting overtime justification to the Director, and the Director approving or disapproving the overtime. The Dispatch Supervisor will review and initial each time card in the future.*
- 2. The contract between the Executive Director and the Board of Directors includes the ability of the Board to set the Executive Director's schedule, if necessary. The Board of Directors has not found it necessary to set the Director's schedule and has found the amount of work performed to be adequate and that the hours worked have been adequate. The Board may, in the future, require specific hours of the Executive Director, but because the Director is required to come to the Communications Center at anytime, day or night, to deal with technical or operational issues, the Board has chosen not to set a schedule. The Director has, voluntarily, started a daily journal, that includes hours worked. The Director's leave balances have been kept by the Office Manager and documented, except for holidays, which are pre-scheduled, in the Director's contract.*
- 3. A policy concerning donated leave time has been established. This incident mentioned, was clearly documented, in two places (time cards and on a separate memo), even though no policy was in place.*

D. *All property will be included in an annual inventory to include tagging and all recommended information about each item, value, and disposition. General fixed asset records will be maintained in a manner that allows for reconciliation at the end of each year.*

E. *RSMo Section 50.800 will be complied with.*

12. Health Center Board

Controls over health center receipts need improvement, accounting duties are not adequately segregated, and the actual financial activity presented on the 2005 and 2004 budgets was inaccurate. In addition, improvements are needed in the controls over expenditures including: supporting documentation, bidding, and filing Forms 1099 with the (Internal Revenue Service) IRS. Also, various improvements are needed over payroll records, policies, and procedures. Additionally, the board minutes did not always document reasons for going into closed session, and how some topics discussed met the criteria outlined in Section 610.021, RSMo. Further, fixed asset records are inadequate.

A. Receipt slips were not always issued for donations, the method of payment was not always indicated on receipt slips issued, and voided receipt slips were not always retained. To help ensure receipts are properly recorded and deposited, receipt slips should be issued for all monies received, indicate the method of payment (i.e. cash, checks, or money orders), and the composition should be reconciled to the bank deposits. In addition, to adequately account for all receipts, all copies of receipt slips should be retained.

B. Accounting duties are not adequately segregated. The Health Center Administrator is primarily responsible for receiving, depositing and disbursing monies, preparing bank reconciliations and maintaining the accounting records.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of depositing receipts from reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

C. The actual financial activity presented for the years ending December 31, 2004 and 2003 on the 2005 and 2004 budgets was inaccurate. For example, the health center overstated revenues by \$15,591 and \$7,500 because they included certificates of deposits being cashed as transfers in and understated interest revenues by \$782 and \$2,977 during the years ending December 31, 2004 and 2003, respectively. During those same years, office expenses were also overstated by \$2,004 and \$2,003 due to the Administrator including the "year" (2004 and 2003) in the calculation of total office expenses. As a result of these inaccuracies, the cash balances reported on the budgets were also inaccurate. Further, the Administrator and the board failed to

ensure a comparison of the budget to the accounting records was performed.

To be of maximum assistance to the health center and to adequately inform the public, the budget should accurately reflect the financial activity of the health center. In addition, accurate information is essential to provide reasonable estimates of anticipated receipts and disbursements so that the board may utilize the budget as a management planning tool and as a control over expenditures. Further, the board and the Administrator should ensure a comparison of the budget to the accounting records is performed.

D. During our review of health center expenditures, we noted the following concerns:

1. The Health Center Board approved payments to vendors without requiring or retaining adequate supporting documentation. For example, the board approved paying the prior Administrator up to \$1,170 per year for some of his personal expenses such as; cellular phone charges, internet charges, fitness center membership and Rotary and Optimist club dues in lieu of a raise until his resignation in August 2003. The board reimbursed him monthly for these personal expenses without obtaining supporting documentation. Also, the additional compensation was not included on the former Administrator's W-2.

All disbursements should be supported by paid receipts or vendor-provided invoices. Such documentation is necessary to ensure the purchase is a proper disbursement of health center funds. All employee compensation and applicable fringe benefits should be reported on the employee's W-2 form and payroll taxes should be withheld and remitted, if necessary, as required by the IRS.

2. Bids were not always solicited or advertised by the board nor was bid documentation always retained for various purchases. For example, the health center did not solicit bids or retain bid documentation for two purchases of computer equipment made from the same vendor on August 8, 2003 totaling \$6,180.

Section 50.660, RSMo, requires the advertisement for bids for any purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of board resources and help assure the board that it receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in board business.

3. The Health Center Board has no procedures in place to ensure that Forms 1099 are always filed with the Internal Revenue Service (IRS) when required. As a result, the board did not file Form 1099 for cleaning services

provided by a vendor totaling \$2,289 during the year ending December 31, 2004. Sections 6041 through 6051 of the Internal Revenue Code require payments of \$600 or more for professional services or for services performed as a trade or business by non employees (other than corporations) be reported to the federal government on Forms 1099.

E. Our review of the health center's personnel policies and procedures identified the following areas of concern:

1. The Health Center Board did not review the payroll tax returns prior to submitting them to the IRS and other taxing authorities. As a result, the health center owes \$1,267 in overdue taxes to the IRS which represents tax liabilities from the fourth quarter 2004. The amount due does not include any future interest and penalties which may be assessed. In addition, state income taxes from the second quarter 2004 were not paid until October 2004 resulting in penalties and interest incurred of \$241. Prior to January 2005, the health center paid a local accounting firm to process the semi-monthly payroll and payroll taxes, the quarterly payroll tax filings, and the year end payroll tax filings and W-2 forms.

The Internal Revenue Code requires Form 941 to be filed with the IRS on a quarterly basis along with payment of Social Security and Medicare taxes withheld from the employee and the employer's share, as well as federal income tax withheld. Good business practices require accurate and timely payments of payroll taxes. Failure to make timely payments can result in unnecessary penalties and interest. In addition, Section 143.191, RSMo, requires employers to withhold state income taxes from wages and establishes requirements for reporting wages. The lack of adequate review procedures over payroll allows the potential for errors and misstatements which may not be detected.

2. An adequate independent review of health center employees' timesheets, leave records, and payroll reports was apparently not performed and documented. As a result, one employee's time cards indicated total hours worked of 86.5; however, the payroll report indicated the employee was paid for 88 hours. In addition, timesheets prepared by health center employees were not always signed by the employee or their supervisor. The lack of adequate review procedures allows the potential for errors and misstatements which may not be detected. In addition, timesheets should be signed by the employee and the employee's supervisor to indicate their agreement to the actual time worked each month.
3. A part-time employee receives a \$100 stipend each month to be used for health insurance in violation of the health center's personnel policy. The health center's personnel policy does not provide for part-time employees to receive any health insurance benefits or stipends. In addition, the \$1,200

annual stipend was not reported on the employee's W-2 form. To ensure equitable treatment of all employees, the health center should ensure personnel policies are followed. In addition, any additional compensation or stipends, should be reported on the employee's W-2 form and payroll taxes should be withheld and remitted, if necessary, as required by the IRS.

- F. The open meeting minutes did not always document the specific reasons for closing the meeting and actions take by the board in closed meetings. In addition, the Health Center Board did not document how some topics discussed met the criteria outlined in Section 610.021, RSMo. For example, meetings were closed to discuss the salary and benefit package for the Administrator and a raise for a nurse. The board should restrict the discussions in closed session on the specific topics allowed by state law.

Section 610.021, RSMo, allows the board to close meeting to the extent the meetings relate to certain specified subjects, including litigation, real estate transactions, and personnel matters. Section 610.022, RSMo, requires a closed meeting, record, or vote be held only for the specific reasons announced publicly at an open session. This law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record or vote.

- G. Property records do not always include some necessary information, such as acquisition dates, costs, serial numbers, tag numbers, physical location, and the date and method of disposal. In addition, the health center has not established formal policies and procedures for the disposition of general fixed assets. Also, general fixed asset records are not maintained in a manner that allows beginning balances, additions, and deletions for each year to be reconciled to balances at the end of each year. Adequate general fixed assets records are necessary to secure better internal controls over health center property, meet statutory requirements, and provide a basis for determining proper insurance coverage.

Conditions similar to Parts C., D.2., and G. were noted in the prior report.

WE RECOMMEND the Health Center Board:

- A. Issue receipt slips for all monies received, record the method of payment on receipt slips and reconcile the composition of receipts to the composition of bank deposits, and retain all copies of receipt slips.
- B. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.
- C. Ensure the budget accurately reflects the past financial activity of the health center.
- D.1. Ensure adequate documentation is received and maintained to support all expenditures. In addition, amend the former administrator's W-2 for these additional payments.

2. Solicit bids in accordance with state law and maintain documentation of bids.
3. Ensure IRS Forms 1099 are prepared and submitted as required.
- E.1. Ensure payroll tax returns are reviewed for accuracy and 941 forms are filed and payroll taxes are remitted on a timely basis.
2. Ensure an adequate review of timesheets, leave records, and payroll reports are performed. In addition, ensure all timesheets have been signed by both the employee and the employee's supervisor.
3. Comply with established personnel policies and amend the employee's W-2 form.
- F. Ensure board minutes document the reasons for closing the meeting, publicly disclose the final disposition of applicable matters discussed in closed session, and ensure only allowable, specific subjects are discussed in closed sessions as required by law.
- G. Establish complete records to account for general fixed assets.

AUDITEE'S RESPONSE

The Health Center Administrator provided the following responses:

- A. *I have spoken to staff about documenting and issuing receipt slips. I will continue to monitor this issue, as deemed necessary.*
- B. *Segregation of accounting duties is difficult with a small number of staff. I will review duties and segregate, as staffing and workloads permit.*
- C. *I will review and recheck the budget for inaccuracies or problems with budget formulas.*
- D.1. *I will contact the former payroll contractor about amending the former administrator's W-2.*
2. *I will solicit future bids in accordance with state law and will keep documentation of any bids received.*
3. *The Health Center is now performing the payroll function in house. IRS Forms 1099 will be issued for payments of \$600 or more as required.*
- E.1. *Effective January 1, 2005, the health center is performing the payroll functions in house and can more effectively track tax liabilities using Quick Payroll accounting. I will be contacting the former payroll contractor about 2004 payroll tax discrepancies and will work with the IRS regarding any underpayments.*

2. *Effective immediately, I will review with health center staff the proper procedures for documentation of timesheets, leave records, and payroll reports.*
 3. *The health center has amended personnel policies to reflect these employee benefits.*
- F. *I have reviewed the Missouri Sunshine Law and will document meetings more accurately in accordance with the Sunshine Law.*
- G. *There are many items that were purchased prior to my administration and there is no record of purchase. A memo stating such has been added to the inventory file. I have also added a place to record date of disposal and disposal authorization on inventory control sheets. A formal policy is under development and will be presented to the Board for approval once complete.*

Follow-Up on Prior Audit Findings

DALLAS COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Dallas County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000.

Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgets and Schedule of Expenditures of Federal Awards

- A. Actual expenditures exceeded budgeted amounts for several county funds.
- B. Formal budgets were not prepared for various county funds.
- C. The county and health center did not have adequate procedures in place to track federal awards for the preparation of the schedule of expenditures of federal awards.

Recommendation:

- A. The County Commission not authorize disbursements in excess of budgeted amounts.
- B. The County Commission ensure budgets are prepared or obtained for all county funds.
- C. The County Clerk and Health Center Administrator prepare a complete and accurate schedule of expenditures of federal awards.

Status:

- A. Not implemented. See Management Advisory Report (MAR) finding number 1.
- B. Partially implemented. Improvements were made by the County Commission and County Clerk. Only funds held by other county officials were not budgeted. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Not implemented. See finding number 04-1.

2. County Officials' Compensation

Salaries actually paid to county officials were not always supported by salary commission actions. The Presiding Commissioner approved mid-term raises for the associate county commissioners as well as other county officials in 1999. Senate Bill No. 11, effective August 28, 1997, amended numerous statutory sections relating to the compensation of county officials, including increases to the statutory maximum salaries allowed. As a part of this legislation, Section 50.333.13, RSMo, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of Section 50.333.13, RSMo. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglas et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Recommendation:

The County Commission review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments. In addition, county officials' compensation should only be authorized by the salary commission.

Status:

Partially implemented. County officials' compensation paid during the years ending December 31, 2004 and 2003 was authorized by the salary commission. The County Commission indicated it does not plan to pursue repayment of any of the past salary overpayments; however, the salary commission nor the county commission has documented this in their minutes. The previous Presiding Commissioner responded in our prior report that the Supreme Court decision in no way pertained to the assessed valuation salary increases given in 1999. Although not repeated in the current MAR, our recommendation remains as stated above.

3. County Controls and Procedures

- A. The county did not have a written agreement with the Prosecuting Attorney regarding the share of her private office expenses the county should pay.
- B. Some equipment purchases were not recorded on the county's fixed asset listing, and additions to the inventory listings were not reconciled to equipment expenditures.

Recommendation:

The County Commission:

- A. Establish a written agreement with the Prosecuting Attorney for the county's share of overhead costs (rent, utilities, etc.). In addition, the basis for the reimbursement rate should be documented and monitored.
- B. Establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

Status:

- A. Partially implemented. The county entered into a written agreement with the Prosecuting Attorney regarding the use of her private office; however, the county has not been fully complying with that agreement. See MAR finding number 1.
- B. Not implemented. See MAR finding number 5.

4. Prosecuting Attorney Controls

Bad check fees were not transmitted to the County Treasurer timely, and cashiers checks and money orders received were not restrictively endorsed immediately upon receipt.

Recommendation:

The Prosecuting Attorney transmit bad check fees to the County Treasurer daily or when accumulated receipts exceed \$100, and restrictively endorse cashiers checks and money orders immediately upon receipt.

Status:

Partially implemented. Although money orders and cashier checks are restrictively endorsed upon receipt, receipts are not transmitted to the County Treasurer daily or when accumulated receipts exceed \$100. See MAR finding number 7.

5. Sheriff's Accounting Procedures

- A. The duties of receiving, recording, depositing and disbursing monies, and reconciling the bank account were not adequately segregated.

- B. Receipts were not always deposited timely. Civil processing fees were not deposited until the related papers were served, and checks and money orders received were not restrictively endorsed immediately upon receipt.

Recommendation:

The Sheriff:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Sheriff should perform documented reviews of the accounting records.
- B. Deposit receipts daily or when accumulated receipts exceed \$100, and restrictively endorse checks and money orders immediately upon receipt.

Status:

- A. Not implemented. See MAR finding number 6.
- B. Partially implemented. Civil processing fees are not being held until the related papers are served. These fees are being deposited; however, receipts are not being deposited timely and checks and money orders are not restrictively endorsed immediately upon receipt. See MAR finding number 6.

6. Dallas County 911 Board

- A. Voters of Dallas County passed a one-half cent general sales tax under Section 67.547, RSMo, earmarked for the purpose of implementing and operating an enhanced 911 system. The alternative statutory authority for emergency services sales tax under Section 190.335, RSMo, provides that the County Commission may impose a county sales tax for the provision of central dispatching of emergency services. As a result of the county passing the general retail sales tax earmarked for 911, the county may have limited the possibility for future general sales tax venues.
- B. Appraisals were not obtained by the 911 Board prior to purchasing a new building, and its original building had been vacant since November 2000 and was currently for sale.
- C.1. The 911 Board did not enter into a written agreement with either the Chamber of Commerce or the Betterment Association detailing the requirements of the relationships.
- D. The 911 Board discussed matters in closed session meetings that appear to be contrary to state law.
- E. The 911 Board's budget did not include the two previous years' actual revenues and expenditures.

- F. A vehicle mileage log was not maintained for a vehicle owned by the 911 Board which was driven by the director, and as a result, it was not possible to determine the number of personal miles versus the number of business miles driven. Internal Revenue Service (IRS) reporting guidelines indicated personal commuting mileage is a reportable fringe benefit.
- G. The 911 Board did not document its approval of invoices for payment, and invoices were not noted as paid or otherwise canceled upon payment.
- H. General fixed asset records were not maintained, and property tags were not affixed to all assets.

Recommendation:

The Dallas County 911 Board of Directors:

- A. And the Dallas County Commission consider future funding needs of the county and consult legal counsel regarding the appropriate statutory authority to levy a sales tax for 911 purposes.
- B. Ensure independent appraisals are obtained for future real estate purchases and develop a formal plan for the disposition of the original building.
- C. Ensure all future contracts are in writing.
- D. Ensure only topics pursuant to state law are discussed in closed session meetings.
- E. Report actual revenues and expenditures of the two previous years on the budgets as required by state law.
- F. Require a mileage log be maintained that reflects business and personal miles driven and review this log periodically for reasonableness. In addition, the Board should comply with IRS guidelines for the reporting of fringe benefits relating to personal vehicle use.
- G. Review and approve all expenditures of 911 funds, and ensure all invoices are canceled when goods or services have been paid to prevent reuse or repayment of the invoice. In addition, the approval of disbursements should be adequately documented by including a listing of all approved disbursements in the Board minutes.
- H. Establish records to account for general fixed assets, and identify all fixed assets with a number, tag, or similar identifying device.

Status:

A. Partially implemented. The Emergency 911 Board submitted requests for a legal opinion to the County Prosecuting Attorney in January 2003 and again in September 2003; however, the Prosecuting Attorney had not rendered an opinion. The Prosecuting Attorney indicated she plans to forward the request to the Attorney General's Office. Although not repeated in the current MAR, our recommendation remains as stated above.

B-E,
&G. Implemented.

F. Partially implemented. The Emergency 911 Director indicated the vehicle is currently only used during operating hours and for official business; however, a mileage log is not maintained. See MAR finding number 11.

H. Partially implemented. A general fixed asset listing is maintained and property tags are affixed to general fixed assets; however, the general fixed asset listing is not complete. See MAR finding number. 11.

7. Health Center Records and Procedures

A. Petty cash and change funds were not kept in a secure location and access to the funds was not limited, and as a result, these funds had been short by small amounts of cash on various occasions. In addition, the petty cash fund was not maintained on an imprest basis, and records were not maintained to document all expenditures.

B.1. Budgets prepared by the Health Center Board of Trustees were not accurate and did not include all information as required by state law.

2. Actual expenditures exceeded budgeted amounts, and a periodic comparison of budget to actual activity was not performed.

C. The Board of Trustees did not review and approve the payment of expenditures prior to the disbursements being made.

D. The Health Center did not periodically update its property records, and number, tag, or otherwise identify property items. In addition, annual inventories of property had not been performed.

E. Collateral securities pledged by the health center's depository bank to cover deposits were insufficient.

F. Health center personnel did not monitor amounts expended on Comprehensive Family Planning services, and the average cost per client of providing such services was not periodically calculated and monitored.

Recommendation:

The Health Center Board of Trustees:

- A. Maintain cash funds and receipts in a secure location, limit access to only authorized individuals, and maintain the petty cash fund on an imprest basis.
- B.1. Ensure the budget is prepared accurately to reflect the financial activity of the health center and includes all information as required by law.
 - 2. Not authorize expenditures in excess of budgeted amounts. Any extenuating circumstances should be fully documented in the health center's minutes, and any budget amendments should be filed with the State Auditor's Office.
- C. Review and approve all expenditures of health center funds prior to disbursements being made. In addition, the approval of disbursements should be adequately documented by including a listing of all approved disbursements in the board minutes.
- D. Maintain property records for general fixed assets that include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition, if applicable. In addition, an actual physical inventory of the various property items should be performed periodically.
- E. Monitor the bank balance and ensure adequate securities are pledged for all funds on deposit in excess of FDIC coverage.
- F. Ensure CFP expenditures are in compliance with the contract and contact the state Department of Health to resolve this situation.

Status:

A,B.2,
C&E. Implemented.

- B.1. Not implemented. See MAR finding number 12.
- D. Partially implemented. The Health Center maintains property records for general fixed assets, tags property, and performs physical inventories; however, the property record of general fixed assets is not accurate and complete. See MAR finding number 12.
- F. Implemented. The CFP program was discontinued, and the Health Center has not received any funding since June 2003.

STATISTICAL SECTION

History, Organization, and
Statistical Information

DALLAS COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1841, the county of Dallas was named after George M. Dallas, a diplomat and later vice-president. Dallas County is a county-organized, third-class county and is part of the Thirtieth Judicial Circuit. The county seat is Buffalo.

Dallas County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 637 miles of county roads and 55 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 12,096 in 1980 and 15,661 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2004	2003	2002	2001	1985*	1980**
		(in millions)					
Real estate	\$	78.2	75.5	72.9	70.7	35.3	14.4
Personal property		31.1	31.2	27.9	25.8	8.4	6.3
Railroad and utilities		14.1	13.6	13.3	12.4	5.4	5.0
Total	\$	123.4	120.3	114.1	108.9	49.1	25.7

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Dallas County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	\$.0100	.0100	.0100	.0100
Special Road and Bridge Fund		.2600	.2600	.2600	.2600
Health Center Fund		.1000	.1000	.1000	.1000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

Year Ended February 28 (29),				
	2005	2004	2003	2002
State of Missouri	\$ 37,903	37,220	34,925	32,979
General Revenue Fund	22,398	22,340	20,688	19,894
Special Road and Bridge Fund	327,756	322,769	302,706	285,932
Assessment Fund	60,468	47,324	40,039	37,867
Health Center Fund	125,133	123,189	115,577	109,152
School districts	4,130,567	4,006,564	3,333,791	3,162,221
Library district	125,133	123,189	115,577	109,152
Fire protection districts	65,730	65,269	58,061	54,405
Junior college district	597	662	536	592
Cities	19,106	19,523	17,885	16,922
County Clerk	1,662	1,546	1,574	1,684
County Employees' Retirement	50,354	51,442	34,620	41,887
Tax Maintenance Fund	14,031	13,846	16,699	0
Tax Sale Surplus	61,604	0	0	0
Commissions and fees:				
General Revenue Fund	88,451	87,024	76,337	70,398
Total	\$ 5,130,893	4,921,905	4,169,015	3,943,084

Percentages of current taxes collected were as follows:

Year Ended February 28 (29),				
	2005	2004	2003	2002
Real estate	92	91	90	90
Personal property	89	89	89	88
Railroad and utilities	100	100	100	100

Dallas County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	%
General	\$.0050	None		
Capital improvements	.0050	2010	None	
Law enforcement	.0050	None	None	
Emergency 911	.0050	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:	\$				
Harold E. Morgans, Presiding Commissioner		27,080	27,080		
Brian Ainley, Presiding Commissioner				27,080	27,080
Frank Rice, Associate Commissioner		25,080	25,080	25,080	25,080
Kenneth Bacon, Associate Commissioner		25,080	25,080	25,080	25,080
Pam Louderbaugh, County Clerk		38,000	38,000	38,000	38,000
Barbara J. Viets, Prosecuting Attorney		45,000	45,000	45,000	45,000
Billie Rex Blair, Sheriff		42,000	42,000	42,000	42,000
Becky Schofield, County Treasurer		38,000	38,000	28,120	28,120
Bret Viets, County Coroner		11,000	11,000	11,000	11,000
Darlene Swanson, Public Administrator		25,000	25,000	25,000	25,000
Dorothea Hill, County Collector , year ended February 28 (29),	38,000	38,000	38,000	38,000	
Emily Sue Doty, County Assessor (1), year ended August 31,		38,727	38,833	38,900	38,900
Robert S. Shotts, County Surveyor (2)					

(1) Includes \$727, \$833, \$900, and \$900 annual compensation received from the state for 2004, 2003, 2002, and 2001, respectively.

(2) Compensation on a fee basis.

State-Paid Officials:

Janice Hicks, Circuit Clerk and Ex Officio Recorder of Deeds	47,900	47,300	47,300	47,300
Cody A. Hanna, Associate Circuit Judge	96,000	96,000	96,000	96,000